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FINANCIAL POLICY IN MODERN SOCIO-ECONOMIC CONDITIONS

In the article the financial policy of the state in the current socio-economic conditions is analyzed and its separate components depending on the sphere of influence and the way of forming the managerial influence on the economic system are considered. The authors systematize the content, strategic tasks and objectives of the financial policy of the state. The directions of the improvement of the state financial policy are grounded and the problems of its realization in the current socio-economic conditions are determined.

Key words: financial policy, socio-economic conditions, reforms, fiscal policy, investment policy, tax policy, monetary policy.

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ФІНАНСОВА ПОЛІТИКА В СУЧАСНИХ СОЦІАЛЬНО-ЕКОНОМІЧНИХ УМОВАХ

В статті проаналізовано фінансову політику держави в сучасних соціально-економічних умовах та розглянуто її окремі складові залежно від сфери впливу та способу формування управлінського впливу на економічну систему. Авторами систематизовано зміст, стратегічні завдання та цілі фінансової політики держави. Обґрунтовано напрями вдосконалення державної фінансової політики та визначено проблеми її реалізації в сучасних соціально-економічних умовах.

Ключові слова: фінансова політика, соціально-економічні умови, реформи, бюджетна політика, інвестиційна політика, податкова політика, грошово-кредитна політика.

The urgency of research. The current stage of the socio-economic development of the national economy of Ukraine is accompanied by serious shortcomings of the financial system of the state, which consists in the functioning of imperfect mechanisms and instruments that ensure the implementation of financial policy and its separate components. Therefore, the question about the implementation of a set of measures aimed at building an effective financial policy arises that will be aimed at ensuring the country's economic growth, its social development and financial security.

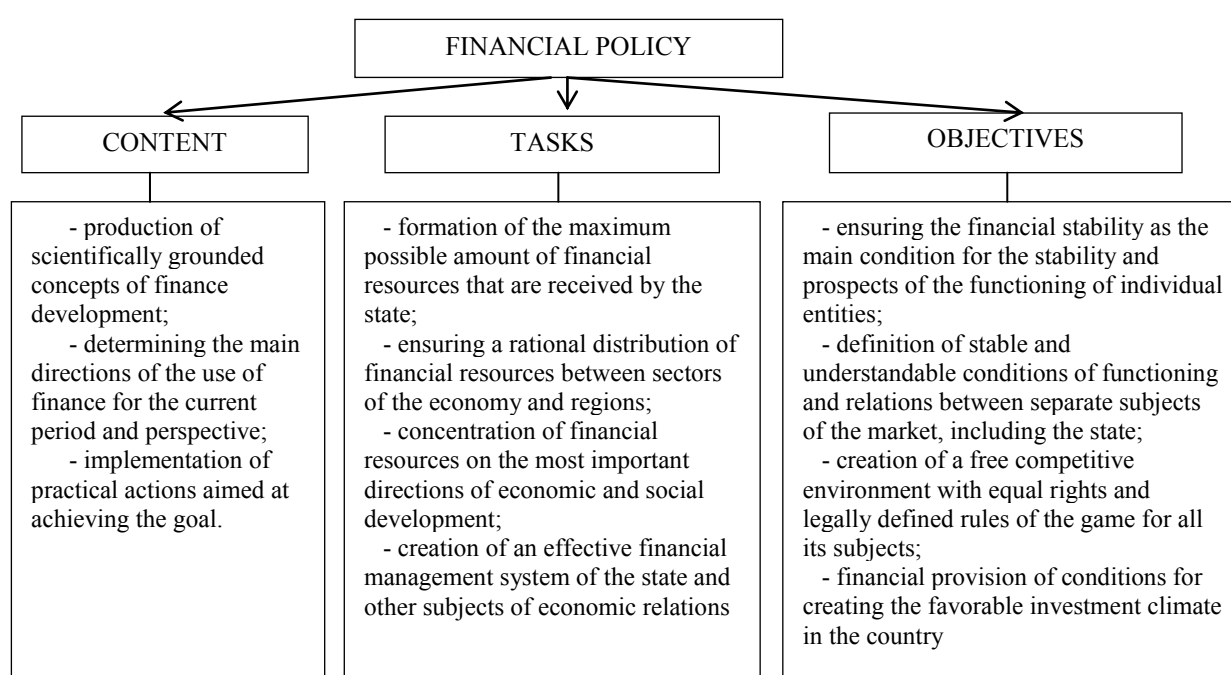
Target setting is an analysis of the functioning of the financial state of the state and its individual components, in order to identify the shortcomings and problems of its realization and to find ways to overcome them in current conditions.

Actual scientific researches and issues analysis. The study of the implementation of financial policy was engaged not only by the foreign: P. Krugman, M. Friedman, J. Shtein; but also by the domestic scientists: O. Vasilik, I. Lyutyi, V. Fedosov, S. Yuri, A. Podderoyhin, O. Romanenko, V. Savchuk and others.

Uninvestigated parts of general issues defining. But despite all the positive achievements of these studies, the issue of developing an effective mechanism for implementing the state's financial policy in the current conditions of socio-economic development remains open.

The statement of basic materials and Conclusions. The financial policy of the state is an integral part of the state economic policy. At the same time, financial policy is a relatively independent sphere of activity of the state, the most important means of realization of state policy in any sphere of social activity. Due to financial policy, multilateral regulatory influence on market relations and the process of expanded reproduction is carried out; the main directions of development of the national economy are specified; the total amount of financial resources, their sources and directions of use are determined; the mechanism of regulation and stimulation of socio-economic processes by financial methods is developed [1, p. 117].

Financial policy as a financial institution is associated with financial relations with regard to the formation and use of gross domestic product and national income. From this position, it should be based on a scientifically sound concept of the development of the financial relations system, which determines the mechanisms, tools and levers of regulation of economic and social processes in order to harmonious development of society [2, p. 343]. The content, strategic objectives and objectives of financial policy are shown in Pic. 1.



Pic. 1. Content, strategic objectives and objectives of financial policy

[systematized on the basis of 1, p.215; 3, p.452; 4, p.4]

The state financial policy as an integral part of the state's economic policy is a system of pre-determined and approved measures, forms and methods for mobilizing, distributing and using the financial resources by the state institutions in order to fulfil the state functions in accordance with the strategic and tactical objectives of its economic and social development. It combines objective financial relations specified in the form of national plans and programs, management decisions that arise in the process of formulating and implementing the strategy of the functioning and development of public finances [5, p. 37].

Any direction of financial policy in its interconnection and interdependence has both internal and external orientation. When implementing the budget policy, the state ensures the formation of budget revenues at the expense of both internal and external sources, while at the same time, certain items of budget expenditures are related to the implementation of internal or external functions of the state; when realizing the monetary policy, it is ensured by the stability of the monetary unit, which affects, on the one hand, its purchasing power within the country, on the other hand, on the formation of a favourable investment climate and the inflow of foreign investments; when conducting a policy in the field of financial and insurance markets, it provides the creation of favorable conditions for their development and integration into the global financial environment, which in turn helps to increase the efficiency of the redistribution of the investment resources in the country. The functional elements of the internal and external financial policy of the state are given in Table 1.

Consequently, having both internal and external orientation, any direction of the financial policy ensures the national financial and economic interests, influences the socio-economic development in the country and the growth of social welfare.

Assessing the state of implementation and the possibilities of Ukraine's financial policy, it can be noted that it is rather ambiguous and insufficiently effective. This is due both to objective and subjective reasons. The financial policy is carried out in the system of international economic relations and it is subject to external factors, in particular, the economic crisis depends on the export possibilities of the state, the exchange of technologies, etc. At the same time, internal factors of influence are the stability of the national monetary unit, the development of the credit market, the investment climate, etc.

The unfavourable external environment, the delay in carrying out structural reforms, the occupation of the Autonomous Republic of Crimea and the armed conflict in the east of the country led to the emergence of an economic crisis and a decline in real gross domestic product in recent years. Therefore, there is a need for a consolidated and harmonized strategy for reforming the public finances that will take into account the state and objectives of all components of financial policy, and not only in theory, but also in practice, will work efficiently.

Also, the current fiscal policy is not clear enough in the context of focusing on accelerated development of priority sectors of the economy, the creation of favourable conditions for attracting the foreign capital.

Consequently, the effective financial policy of the state should be based not only on the combination of all its components, but also on the adaptation of existing mechanisms, methods and tools to the modern realities of the national economy. The financial policy should be directed towards improving the socio-economic relations, accelerating the growth of the economy and developing the social sphere.

Table 1

Components of financial policy, depending on the sphere of influence and the way of forming a managerial influence on the economic system

Foreign policy	Budget policy	Relations related to the formation, management and servicing of the country's external public debt, regulation of external financial relations of state-owned enterprises
	Tax policy	Direct and indirect taxation of foreign economic activity entities, customs policy
	Investment policy	Formation of a favourable investment climate in the country, regulation of relations related to the functioning of free economic zones (FEZs) and priority development areas (PDAs)
	Monetary policy	Regulation of activities of financial and credit institutions of other states at the territory of the country, national banking and non-banking institutions in the world financial market; the establishment of rules of treatment in the territory of the country of foreign currencies, ensuring the stability of the exchange rate of the national currency, the formation of foreign exchange reserves of the country; regulation of issuance and placement of government securities in the foreign market, regulation of the country's balance of payments
Domestic policy	Budget policy	Ensuring the balance of budgets of different levels, managing budget deficits at the expense of internal resources (relations related to the formation, management and servicing of the country's internal public debt), regulation of internal financial relations of enterprises of the public sector, social policy
	Tax policy	Ensuring the stability and efficiency of the functioning of the taxation system
	Investment policy	Stimulation of accumulation of capital, investment activity of national economic entities, management of state investments
Domestic policy	Monetary policy	Issuing policy, ensuring the stability of prices for goods and services, credit resources, regulation of inflation, ensuring timeliness of payments in the national economy and in different parts of the financial system; regulation of issue and placement of government securities in the domestic market.

The source: Made by the author based on [6].

Today one of the main problems is ensuring the dynamics of growth, competitiveness of the Ukrainian economy and the establishment of an updated model of financial development [7, p.169]. It is the way that will allow Ukraine to preserve and effectively use the existing scientific and technological potential for structural changes and take its rightful place in the world. The deepening of the course of market reforms on the basis of innovation and their acceleration, radicalization of systemic changes can ensure the progressive development of our state, successful solving of problems of the social and economic development, increase of people's welfare and decent life.

The main directions of improvement of the state financial policy should be the following: 1. Measures of the state policy in the financial and economic sphere, that is, the creation of favourable conditions for economic activity, formation of a complete market environment, reform of property relations, namely:

- state protection of private property rights, interests of business partners, investors and creditors;
- introduction of market mechanisms of land-lease and mortgage relations in the agricultural sector, as well as the functioning of a full-fledged land market;
- strengthening the credibility of the credit system;
- development and strengthening of the stock market and its infrastructure, joint investment institutions, insurance and pension funds;
- formation of a competitive environment;
- creation of an effective system of protection of intellectual property;
- adaptation and approximation to the European standards of the standardization and certification system;
- strengthening control over the establishment and observance of prices and tariffs on the markets of natural monopolies, especially in the sphere of housing and communal services, energy, rail transport and communications;
- improvement of national competition law;
- effective application of bankruptcy procedures, rehabilitation and restructuring of debtor enterprises, improvement of the current legislation on these issues;
- reduction of the level of shadow economy of the Ukrainian economy by legalizing the shadow capital and thus increasing the volumes and rates of growth of national wealth.

2. Budget policy measures that envisage the stabilization and strengthening of the financial system, the effective implementation of budgetary funds of the determined priorities of the state policy, namely:

- ensuring reliable balance and realism of local budgets;
- improvement of inter-budgetary relations and substantial strengthening of local finances;
- accountability and control by the public of all budget and extrabudgetary funds of budgetary institutions;
- provision of all budget and extrabudgetary resources in the real sector of the economy on the lending and competitive basis.

3. Measures of tax policy aimed at ensuring:

- stability of the tax system, its fairness by reducing the benefits of an asocial nature; strengthening the protection of the rights of taxpayers;
- feasibility of tax rules and procedures for taxpayers;
- reduction of the total tax burden by reducing the number of taxes and reducing their rates; gradual increase of the share of direct taxes in the general tax revenues;
- exemption from taxation of income lower than the subsistence minimum;
- application of simplified (alternative) tax systems for small business entities, etc.

4. Measures of monetary and debt policy, namely:

- maintaining the stability of the national monetary unit;
- ensuring the priority of the national currency as a means of payment through the democratization of the Ukrainian economy; gradual reduction of inflation to 3-5% per year;
- reduction of the cost of credit resources, state internal and especially external debts of Ukraine, as well as the prevention of the use of external borrowings of the state to finance current budget expenditures;
- ensuring maximum transparency of the sphere of the public debt management.

5. Measures on effective formation, use and management of financial resources of business entities, optimization of the structure of assets of enterprises; resource balance of the formation and restoration of fixed assets; increase in the size and share of own funds in circulation; the transition to the effective pricing methods, etc.

Problems of implementation of the state financial policy are revealed in the implementation of its individual components. The effectiveness of fiscal policy is hampered by the complexity of its alignment with monetary policy, which is aimed primarily at curbing inflation and maintaining the hryvnia exchange rate. The main factor of inflation is the imbalance of supply and demand on the domestic market. A number of factors have an effect on inflation. Among them there are the following: an increase in prices for natural gas, oil, and an increase in salaries of employees.

The urgency and necessity of the reform, first of all, in the tax system, is explained by the fact that taxes can have a double effect on the economy in the transition period, namely: on the one hand, the low level of taxes, the absence of any tax privileges are complementary and stimulate the private entrepreneurship initiative, encourage the expansion of production, the encouragement of foreign investment, enable the state to carry out its functions through the budget, and, on the other hand, their excessive load, combined with the large-scale crisis in the economy, leads to the decline of production, capital outflows, concealment of income, the transfer of a significant number of the economic entities to the "shadow economy", inflation, unemployment, the crisis of non-payments, etc., which is characteristic for the current stage of development of Ukraine.

The particular relevance in recent years, along with the reform of the tax system, was gained by the problems with the formation of the state budget. One part of them is derived from the general economic situation in the country; the other is a purely subjective approach to the process of its drafting, approval and execution. The practice of using taxes and the budget in Ukraine as the two most effective instruments of fiscal policy shows that they have lost the role of the stimulus and the regulator of economic development. Tax and budgetary systems have not taken their place in the general economic system yet, what hinders the transition of the country to the civilized market. The main task in reforming the tax policy should be to reorient the tax system from purely fiscal goals to stimulate the economic growth. This can be done, first of all, by easing the tax burden of the economy on the share of taxes in GDP. Reducing the tax rates will boost business activity and, in the end, will not reduce, but, on the contrary, will increase the tax revenues to the budget. Incentive effect will be a radical reduction of benefits: in addition to the social effect (establishing the principle of equity in taxation), it will promote the expansion of the tax base, reduce the opportunities for the tax evasion. As the experience of many countries shows, the stability and moderation of the taxation system give a better and more lasting incentive effect than tax breaks.

The main problems for the banking system of Ukraine are the lack of financial resources, liquidity imbalances, lack of internal sources of capitalization, currency risks, and so on. These problems were aggravated by the difficult economic situation of the country, caused by the tragic events of recent years - the annexation of Crimea, military actions in the east of Ukraine. In 2014-2015, the macroeconomic situation in the country is characterized by a high level of risks that affected the general state of the banking system. At present, the problems have intensified, first of all, with a significant outflow of deposits of the population (which began in the fall of 2013 and somewhat stabilized only in the fall of 2014), which led to a decrease in banks' liquidity. In addition, the banking system suffered from significant losses in assets, revenues, reserves due to the military actions. The problems of the payment discipline of customers have grown, the banks' credit activity has fallen, and the quality of

loan portfolios has decreased. With the strengthening of internal and external risks, support of the stability of the banking system should become the main current priority of the National Bank. At the same time, taking into account the need for the transition to the inflation targeting regime, the instruments of interest policy should become the main leverage of the National Bank's influence on the banking system.

Due to the rapid increase in the public debt, the development of the state in matters of external borrowing is necessary. The implementation of an effective debt policy in Ukraine involves the development of a concept for a debt strategy in which the public debt will be considered not from the standpoint of the debt burden on the Ukrainian economy, but as an instrument of economic growth in the state. The attracted external loans should lead to an increase in production capacity, mainly those enterprises whose products are exported. An increase in the export of products will lead to an increase in foreign exchange earnings to the state, which are necessary for servicing and repaying external debt.

Consequently, for the effective state financial policy implementation, the complex implementation of reforms of all its constituent parts, namely: budget, tax, monetary, debt, investment, etc., is required. It is necessary to establish the vector of movement of the Ukrainian economy in order to coordinate actions of all spheres of the financial system.

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